

Livermore Valley Joint Unified School District

Course Title: Advanced Placement (AP) Macroeconomics

Grade Level(s): 12

Length of Course: One semester or equivalent

Credit: 5 units

Prerequisite: “B” or better in Algebra I, or consent of instructor

Co-requisite:

Course Overview:

Throughout this course, students will analyze the operation of economics principles across the national economy by examining such measures as employment rates, inflation, government spending, taxes, and output. Students will learn to identify trends in the U.S. economy and develop and analyze government policy responses. After completing the course, students will be prepared to take the Advanced Placement (AP) Macroeconomics Exam. This course is designed to provide students with an academic experience equivalent to that of an introductory, college-level macroeconomics course.

Schools Offering: Del Valle High School
Granada High School
Livermore High School
Vineyard High School

Meets University of California Entrance Requirements: Seeking “g” approval

Board Approval: *Pending Board Approval*

Course Materials: *Krugman’s Economics for the AP Course*, 4th Ed.
Ray, Margaret, and David Anderson;
BFW Publishers, 2023
ISBN: 9781319409326, bfwpub.com

Supplemental Materials:

AP Macroeconomics

COURSE CONTENT:

Unit 1: Basic Economic Concepts

Students will be introduced to fundamental economic concepts that they will apply throughout the course, such as scarcity and opportunity cost. Students will distinguish between absolute and comparative advantage. They will apply the principle of comparative advantage to determine the basis on which mutually advantageous trade can take place between individuals and/or countries and to identify comparative advantage from differences in opportunity costs.

Summary of sample activity:

Assignments will include drawing and manipulating production possibilities curves, calculating opportunity costs, determining competitive and absolute advantage, using both input and output methods, and answering both free response and multiple choice questions both released from and modeled on the AP Macroeconomics Exam.

Unit 2: Economic Indicators and the Business Cycle

Students will learn how the economy works by examining the circular flow model of income and products, containing the four sectors of the economy: households, firms, the government, and international. Students will also explore how economists assess the performance of the economy with an introduction to measures of economic performance, such as gross domestic product, unemployment, and inflation and the business cycle. Students will critically evaluate the strengths and weaknesses of the Gross Domestic Product (GDP) measure, the nature and causes of unemployment, and the different measurements of unemployment. Students will turn to measures of inflation, the main price indices, how these indices are constructed, and look critically at problems associated with each measure.

Summary of sample activity:

Class activities and assignments will include calculating GDP, using the output and expenditure equations, understanding what is both excluded and omitted from GDP, evaluating measurements of inflation, both real and nominal, and understanding the effects and costs of inflation. Students will also evaluate the different types and measures of unemployment. Practice and assessment will involve answering free response and multiple-choice questions both released from and modeled on the AP Macroeconomics Exam.

Unit 3: National Income and Price Determination

In this unit, students will learn about the determination of price level and aggregate output through the Aggregate Demand (AD) and Aggregate Supply (AS) model. Students will learn the components of AD and the determinants of AS. Students will employ the AD-AS model to determine equilibrium income and price level, and to analyze the impact of economic fluctuations on the economy's output and price level,

both in the short run and in the long run.

Summary of sample activity:

Students will understand, interpret, and use the AD-AS model to determine equilibrium income and price level. Practice and assessment will involve drawing AD and AS graphs and answering questions using graphical analysis. Both free response and multiple-choice questions from and modeled on the AP Macroeconomics exam will be used.

Unit 4: Financial Sector

Students will explore the role of the financial sector in the economy, beginning with an analysis of money, banking, the Federal Reserve System, the market for money, and distinguishing the money market and the loanable funds market. In presenting the money supply, students will be introduced to the process of multiple-deposit expansion and money creation, using T-accounts, and the use of the money-multiplier. After learning about money supply and money demand, students will investigate how equilibrium in the money market determines the equilibrium nominal interest rate. Using the investment demand curve, the students should establish the link between changes in the real interest rate and changes in AD and understand how changes in AD affect real output and price level.

Summary of sample activity:

Practice and assessment will involve graphing and manipulating both the money market curves and the loanable funds market curves. Students will practice calculating entries on T-accounts of banking deposits and the resulting increase in money supply. Students will practice answering both free response and multiple-choice questions released from and modeled on the AP Macroeconomics exam.

Unit 5: Long-Run Consequences of Stabilization Policies

Students will learn the use of monetary and fiscal policy to stabilize the economy. Students will analyze the impacts of fiscal policy and monetary policy on aggregate demand and aggregate supply, as well as on the economy's output and price level, both in the short run and in the long run. Students will analyze the economic effects of government budget deficits, national debt, and their relationship to interest rates and inflation. Students will then evaluate the trade-off between inflation and unemployment through short-run and long-run Phillips curves.

Summary of sample activity:

Students will simulate employing tools of fiscal and monetary policy to stabilize the economy and distinguish between automatic stabilizers and discretionary policy. Students will create and manipulate Long Run Aggregate Supply (LRAS), Short Run Aggregate Supply (SRAS), and AD graphs to identify factors and policies that affect AS. Students will create and manipulate Lognormal Forward-LIBOR model (LFM) curves to understand the effects of government borrowing, and Phillips Curves to understand the relationship between unemployment and inflation. Practice and assessment will involve answering free response and multiple-choice questions both released from and modeled on the AP Macroeconomics exam.

Unit 7: Open Economy: International Trade and Finance

Students will be introduced to the role of international trade in the economy. Students will evaluate how transactions are recorded in balance of payment accounts and the distinction between current account balance and the financial account and the implications for the foreign exchange market. Students will study the foreign exchange market and examine how the foreign exchange rate is determined. Students will then analyze how market forces and public policy affect currency demand and supply, and currency appreciation and depreciation. Having learned the mechanics of foreign exchange markets, students can then assess how changes in net exports and foreign capital flows affect financial goods markets.

Summary of sample activity:

Students will draw and manipulate supply and demand graphs, both including and omitting imports, and its effect on price. Students will explain how international transactions affect balance of trade and balance of payments, graph and determine supply and demand in the foreign exchange market, and analyze the effect of capital flows on real interest rate in the loanable funds market. Practice and assessment will involve answering free response and multiple-choice questions both released from and modeled on the AP Macroeconomics exam.

History-Social Science Content Standards for California Public School: Kindergarten Through Grade Twelve*Principles of Economics***12.1 Students understand common economic terms and concepts and economic reasoning.**

1. Examine the causal relationship between scarcity and the need for choices.
2. Explain opportunity cost and marginal benefit and marginal cost.
3. Identify the difference between monetary and nonmonetary incentives and how changes in incentives cause changes in behavior.

12.2 Students analyze the elements of America's market economy in a global setting.

1. Understand the relationship of the concept of incentives to the law of supply and the relationship of the concept of incentives and substitutes to the law of demand.
2. Discuss the effects of changes in supply and/or demand on the relative scarcity, price, and quantity of particular products.
4. Explain how prices reflect the relative scarcity of goods and services and perform the allocative function in a market economy.
5. Understand the process by which competition among buyers and sellers determines market price.
6. Describe the effect of price controls on buyers and sellers.

7. Analyze how domestic and international competition in a market economy affects goods and services produced and the quality, quantity, and price of those products.
8. Explain the role of profit as the incentive to entrepreneurs in a market economy.

12.3 Students analyze the influence of the federal government on the American economy.

1. Understand how the role of government in a market economy often includes providing for national defense, addressing environmental concerns, defining and enforcing property rights, attempting to make markets more competitive, and protecting consumers' rights.
2. Identify the factors that may cause the costs of government actions to outweigh the benefits.
3. Describe the aims of government fiscal policies (taxation, borrowing, spending) and their influence on production, employment, and price levels.
4. Understand the aims and tools of monetary policy and their influence on economic activity (e.g., the Federal Reserve).

12.4 Students analyze the elements of the U.S. labor market in a global setting.

1. Understand the operations of the labor market, including the circumstances surrounding the establishment of principal American labor unions, procedures that unions use to gain benefits for their members, the effects of unionization, the minimum wage, and unemployment insurance.
2. Describe the current economy and labor market, including the types of goods and services produced, the types of skills workers need, the effects of rapid technological change, and the impact of international competition.

12.5 Students analyze the aggregate economic behavior of the U.S. economy.

1. Distinguish between nominal and real data.
2. Define, calculate, and explain the significance of an unemployment rate, the number of new jobs created monthly, an inflation or deflation rate, and a rate of economic growth.
3. Distinguish between short-term and long-term interest rates and explain their relative significance.

12.6 Students analyze issues of international trade and explain how the U.S. economy affects, and is affected by, economic forces beyond the United States's borders.

1. Identify the gains in consumption and production efficiency from trade, with emphasis on the main products and changing geographic patterns of twentieth-century trade among countries in the Western Hemisphere.
4. Explain foreign exchange, the manner in which exchange rates are determined, and the effects of the dollar's gaining (or losing) value relative to other currencies.

California State Standards for English Language Arts & Literature in History/Social Studies, Science, and Technical Subjects

ELA/Literacy-Reading History Standards Grades 11-12

RH.11 – 12.1 Cite specific textual evidence to support analysis of primary and secondary sources, connecting insights gained from specific details to an understanding of the text as a whole.

RH.11- 12.2 Determine the central ideas or information of a primary or secondary source; provide an accurate summary that makes clear the relationships among the key details and ideas.

RH.11-12.3 Evaluate various explanations for actions or events and determine which explanation best accords with textual evidence, acknowledging where the text leaves matters uncertain.

RH.11-12.6 Evaluate authors' differing points of view on the same historical event or issue by assessing the authors' claims, reasoning, and evidence.

RH.11-12.7 Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., visually, quantitatively, as well as in words) in order to address a question or solve a problem.

RH.11-12.9 Integrate information from diverse sources, both primary and secondary, into a Coherent understanding of an idea or event, noting discrepancies among sources.

ELA/Literacy-Writing Standards Grades 11-12

W.11-12.1 Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.

A. Introduce precise, knowledgeable claim(s), establish the significance of the claim(s), distinguish the claim(s) from alternate or opposing claims, and create an organization that logically sequences claim(s), counterclaims, reasons, and evidence.

B. Develop claim(s) and counterclaims fairly and thoroughly, supplying the most relevant evidence for each while pointing out the strengths and limitations of both in a manner that anticipates the audience's knowledge level, concerns, values, and possible biases.

C. Use words, phrases, and clauses as well as varied syntax to link the major sections of the text, create cohesion, and clarify the relationships between claim(s) and reasons, between reasons and evidence, and between claim(s) and counterclaims.

D. Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.

E. Provide a concluding statement or section that follows from and supports the argument presented.

W.11-12.2 Write informative/explanatory texts to examine and convey complex ideas, concepts, and information clearly and accurately through the effective selection, organization, and analysis of content.

A. Introduce a topic; organize complex ideas, concepts, and information so that each new element builds on that which precedes it to create a unified whole; include formatting (e.g., headings), graphics (e.g., figures, tables), and multimedia when useful to aiding comprehension.

- B. Develop the topic thoroughly by selecting the most significant and relevant facts, extended definitions, concrete details, quotations, or other information and examples appropriate to the audience's knowledge of the topic.
- C. Use appropriate and varied transitions and syntax to link the major sections of the text, create cohesion, and clarify the relationships among complex ideas and concepts.
- D. Use precise language, domain-specific vocabulary, and techniques such as metaphor, simile, and analogy to manage the complexity of the topic.
- E. Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.
- F. Provide a concluding statement or section that follows from and supports the information or explanation presented (e.g., articulating implications or the significance of the topic).

W.11-12.4 Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience. (Grade-specific expectations for writing types are defined in standards 1-3 above.)

W.11-12.5 Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach, focusing on addressing what is most significant for a specific purpose and audience.

W.11-12.6 Use technology, including the Internet, to produce, publish, and update individual or shared writing products in response to ongoing feedback, including new arguments or information.

W.11-12.7 Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.

W.11-12.8 Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the strengths and limitations of each source in terms of the task, purpose, and audience; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and overreliance on any one source and following a standard format for citation.

W.11-12.9 Draw evidence from literary or informational texts to support analysis, reflection, and research.

- B. Apply grades 11-12 Reading standards to literary nonfiction (e.g., "Delineate and evaluate the reasoning in seminal U.S. texts, including the application of constitutional principles and use of legal reasoning [e.g., in U.S. Supreme Court Case majority opinions and dissents] and the premises, purposes, and arguments in works of public advocacy [e.g., The Federalist, presidential addresses]").

W.11-12.10 Write routinely over extended time frames (time for research, reflection, and revision) and shorter time frames (a single sitting or a day or two) for a range of tasks, purposes, and audiences.

Instructional Methods and/or Strategies

This course will make frequent use of information available from the College Board, e.g. the AP Macroeconomics Course Description, the AP Macroeconomics Teachers' Guide, and AP Classroom.

The intent of the course is to convey both economic concepts, and to instill ways of thinking that helps students develop problem-solving skills. To this end, students will be involved in active-learning activities and simulations, as well as practice solving problems and graphical analysis.

Assessment Methods and/or Tools

Learning in each of the seven major content area units of the course will be assessed in the same way as the College Board measures content mastery, i.e. a combination of multiple choice and free-response problems. A final exam covering the entire course content will simulate the number of questions, type, and level of difficulty and length of an actual AP Macroeconomics Exam.

Instructional Methods and/or Strategies

- Lecture
- Individual work/problem solving
- Group work/problem solving

Assessment Methods and/or Tools

- Exams and quizzes
- Homework
- Informal assessment of in-class problem solving

Assessment Criteria

- Mastery of concepts
- Ability to perform calculations correctly
- Ability to communicate concepts and calculations in writing